Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 DODE-00 NSAE-00 ICA-11
TRSE-00 SOE-02 DOE-15 CIAE-00 COME-00 /049 W
----------115818 091249Z /43
R 081408Z JUN 78
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 3992

C O N F I D E N T I A L STOCKHOLM 2253

E.O. 11652: GDS
TAGS: ESTC, SW, UR
SUBJECT: EXPORT LICENSE CONTROLS

REF: STATE 143162

1. SUMMARY. SWEDISH FOREIGN MINISTRY EXPRESSES CONCERN THAT US EXPORT CONTROL PROCEDURES MAY BE TIGHTENING, TO THE DISADVANTAGE OF SWEDISH FIRMS. THE CURRENT CASE CITED IS THAT OF AN L M ERICSSON LICENSE APPLICATION FOR ITS TELEX INSTALLATION IN MOSCOW. END SUMMARY.

2. REFTEL WAS MOST TIMELY. IT ARRIVED JUST BEFORE A CALL IN THE FOREIGN MINISTRY WHICH HAD BEEN REQUESTED BY THE MFA'S SENIOR ECONOMIC OFFICIAL, AMBASSADOR BENGT RABAEUS. HE CALLED ME IN TO MAKE A DEMARCHE PARALLEL TO THAT OF WACHTMEISTER, PARA 2 OF REFTEL, ABOUT WHICH WE HAVE NO REPORT. I WAS ABLE TO PROVIDE THE GIST OF REFTEL TO RABAEUS. THE EMBASSY HAS ALSO TOLD L M ERICSSON THAT IT EXPECTS AN INTERAGENCY USG DECISION IN THE NEAR FUTURE.

3. RABAEUS USED THE APPARENT DELAYS IN THE LME LICENSE REQUEST AS AN "ILLUSTRATION OF OUR WORRIES." HE SAID HE HAD BEEN INFORMED IT HAS BECOME INCREASINGLY DIFFICULT TO ACCOMPLISH EXPORT LICENSE FORMALITIES IN WASHINGTON. THE SWEDES, HE CONTINUED, APPRECIATE KEENLY
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THAT TECHNOLOGY FLOWS BETWEEN THE US AND SWEDEN HAVE THE APPEARANCE OF "ONE-WAY TRAFFIC." HOWEVER, HE ADDED, ALTHOUGH THE SWEDES ARE THE PRIMARY BENEFICIARIES IN TECHNOLOGICAL TRANSFERS, THEY ALSO ARE ENGAGED IN COOPERATIVE ARRANGEMENTS WITH THE USG WHICH SERVE US INTERESTS AND THERE IS SOME REVERSE FLOW ON THE INDUSTRIAL SIDE. REINFORCING A RATHER COMMON OBSERVATION

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MADE TO ME AND OTHER MEMBERS OF MY STAFF BY SWEDISH INDUSTRY OFFICIALS, RABAEUS SAID THAT BY TIGHTENING OUR EXPORT CONTROLS THE US INDUCES SWEDISH BUSINESSES TO LOOK ELSEWHERE FOR SUPPLY SOURCES. HE SAID THIS WAS A DEVELOPMENT WHICH THE GOS DOES NOT WISH TO SEE TAKE PLACE.

4. I CONFIRMED TO RABAEUS THAT THESE CONCERNS HAD BEEN BROUGHT TO MY ATTENTION AS I HAVE VISITED SWEDISH COMPANIES. I MENTIONED TO HIM THAT, BY COINCIDENCE, I HAD BEEN VISITED THE SAME DAY (JUNE 7) BY THE REPRESENTATIVE OF A MAJOR US LAW FIRM WHICH IS CONSIDERING OPENING AN OFFICE IN STOCKHOLM WHO TOLD ME OF A RECENT SPEECH BY AMBASSADOR WACHTMEISTER REFERRING TO A WORRISOME TREND TO INCREASED US EXPORT CONTROLS. I TOLD RABAEUS THAT WACHTMEISTER AND I BELIEVE THAT PROMPT CONSULTATIONS BETWEEN EXPERTS ARE USEFUL IN CLEARING UP MISUNDERSTANDINGS AND BRINGING LICENSE APPLICATIONS TO MORE RAPID DECISIONS.

5. IT IS NOT CLEAR TO ME HOW SOLIDLY BASED THE SWEDISH CONCERN MIGHT BE. I BELIEVE THAT INFORMATION AND SPECULATION APPEARING IN THE US TECHNICAL PRESS SINCE THE APPEARANCE OF THE BUCY REPORT HAS CREATED CONSIDERABLE UNEASE HERE IN SWEDEN. I UNDERSTAND THAT DEBATE WITHIN THE USG CONTINUES ON THE SUBJECT OF TRANSFER OF CONFIDENTIAL

TECHNOLOGY. HOWEVER, SPECIFIC EXPORT CONTROL QUESTIONS WHICH HAVE BEEN PREOCCUPYING IN OUR RELATIONS SINCE MY ARRIVAL HAVE BEEN CONFINED TO THE STANSAAB, ASEA NUCON 400, AND NOW L M ERICSSON, CASES. PERHAPS, TOO, AN INCREASED WORLOAD MAY BE CREATING DELAYS WHICH HAVE NO POLICY SIGNIFICANCE. IN ANY EVENT, I WOULD FIND IT EXTREMELY HELPFUL IF I COULD HAVE SOME OFFICIAL ARGUMENTATION TO GUIDE MY CONVERSATIONS WITH SENIOR SWEDISH OFFICIALS ON THE SUBJECT OF EXPORT CONTROLS AND TRANSFER OF TECHNOLOGY.
KENNEDY-MINOTT

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